

Opening Statement

Congressman Paul E. Gillmor (R-OH)

Committee on Financial Services

September 19, 2006

Hearing entitled: "Sarbanes-Oxley at Four: Protecting Investors and Strengthening the Markets."

Thank you, Mr. Chairman, for calling this important hearing today. I'd also like to thank Chairman Oxley for his extraordinary service to our financial markets, this Congress and the great state of Ohio. He will be sorely missed.

As has often been mentioned, Sarbanes-Oxley was the most sweeping reform of our nation's security laws in over 70 years and it is critically important that during the first few years of this Act's implementation, the Congress remains committed to strong oversight. I believe Chairman Oxley and Chairman Baker have done yeoman's work in ensuring adequate opportunities for Members of the Committee to ask questions of the regulators.

Earlier this year I had the opportunity to visit both the Nasdaq and the New York Stock Exchange. During my time in New York, I often heard the concerns of Wall Street that without a relaxation of Section 404, our markets may be in danger of losing their status as the deepest and most properly regulated in the world. While I believe that both Chairman Cox and Chairman Olson are taking the right steps to address the concerns of both Wall Street and the larger business community, I hope that this Committee will also tread lightly when making modifications to the underlying concepts of Sarbanes-Oxley of which I am strongly supportive of.

In addition to ensuring that our home-grown businesses have access to the capital markets, it is important that our markets remain competitive internationally. It is heartening that our markets are doing just. Recent news reports show that both Nasdaq and the NYSE are committed to competing in the current round of market consolidation. I understand that some foreign competitors point to Sarbanes-Oxley as a primary reason for foreign firms to avoid the U.S. markets.

This is simply a misstatement of the effect of Sarbanes-Oxley on foreign companies. Sarbanes-Oxley does not apply to companies that are not listed on U.S. exchanges, and will not apply to such companies in the event of a merger between a U.S. market and a foreign one. On the contrary, a merger between a U.S. market and a non-U.S. market will enable those markets to continue to operate under their own domestic laws, while expanding economic opportunities for parties in both markets.

I look forward to hearing from both Chairman Olson and Chairman Cox on year four of the implementation of Sarbanes-Oxley and to working with my colleagues on this Committee to ensure that our capital markets remain the envy of the world.